

GAO

Briefing Report to the Chairman,
Committee on Armed Services, House of
Representatives

June 1990

AIR FORCE BUDGET

Potential Reductions to the Minuteman II Weapon System Budget



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United States
General Accounting Office
Washington, D.C. 20548

National Security and
International Affairs Division

B-239571

June 21, 1990

The Honorable Les Aspin
Chairman, Committee on Armed Services
House of Representatives

Dear Mr. Chairman:

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As requested, we reviewed the Air Force's funding requirements for fiscal years 1990 and 1991 for the Minuteman weapon system. Our objective was to identify opportunities for budget reductions associated with the anticipated retirement of the Minuteman II force, which consists of 150 single-warhead intercontinental ballistic missiles. We presented the preliminary results of our review to your office on May 2, 1990. The final results of our review are summarized below and discussed in detail in appendixes I and II.

We identified potential reductions of \$65.2 million—\$32.4 million appropriated in fiscal year 1990 and \$32.8 million requested in fiscal year 1991—for Minuteman II missile procurement. Also, we identified potential reductions of \$30.5 million—\$13.6 million appropriated in fiscal year 1990 and \$16.9 million requested in fiscal year 1991—for depot repairs and modifications.

In submitting the Department of Defense fiscal year 1991 budget request, the Secretary of Defense announced that an outcome of ongoing Strategic Arms Reduction Talks could be the retirement of the Minuteman II force. In response to this announcement, the Air Force modified and canceled some Minuteman II life-extension programs, such as modifications, replacements and refurbishments, necessary to sustain an operationally effective Minuteman II force. Our estimated reductions result from differences between the Air Force budget submission and more current Air Force estimates that reflect the anticipated retirement of the Minuteman II force.

As agreed with your office, we did not obtain agency comments on this report. However, we discussed a draft of this report with program officials, and they agreed with our estimated reductions. Our scope and methodology are described in appendix III.

Unless you announce its contents earlier, we plan no further distribution of this report until 30 days after its issue date. At that time we will send copies to appropriate congressional committees; the Secretaries of

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Defense and the Air Force; and the Director, Office of Management and Budget. We will also make copies available to others upon request.

Please contact me at (202) 275-4268 if you or your staff have any questions concerning this report. Other major contributors to this report are listed in appendix IV.

Sincerely yours,



Nancy R. Kingsbury
Director
Air Force Issues

Potential Reductions to the Air Force's Missile Procurement Budget for the Minuteman II Weapon System

We identified potential missile procurement budget reductions of \$65.2 million: \$32.4 million appropriated in fiscal year 1990 and \$32.8 million requested in fiscal year 1991. These potential reductions are based primarily on funding adjustments made by the Minuteman System Program Office in anticipation of the retirement of the Minuteman II force. Table I.1 shows the potential reductions in the fiscal year 1990 appropriated funds and the fiscal year 1991 budget request by budget program activity code.

Table I.1: Potential Reductions to the Air Force's Missile Procurement Budget (3020 Appropriation)

Dollars in millions		Fiscal year 1990	Fiscal year 1991
Replacement equipment		\$16.7	\$6.4
Replenishment spares		15.7	26.4
Total		\$32.4	\$32.8

Replacement Equipment (Budget Program 2200)

Program office documents show that \$50.7 million of the total amount appropriated for Air Force missile procurement in fiscal year 1990 was for Minuteman replacement equipment. For fiscal year 1991, the Air Force requested \$21.2 million for this equipment.

The program office provided us with updated funding requirements as of April 1990 for fiscal years 1990 and 1991. Those estimates were \$34 million for fiscal year 1990 and \$14.8 million for fiscal year 1991. Thus, we identified an excess of \$16.7 million and \$6.4 million in fiscal years 1990 and 1991, respectively. Program officials agreed with our calculation and stated the potential retirement of Minuteman II has reduced the need for replacement equipment funding.

Replenishment Spares (Budget Program 2500)

Program documents show that \$85.3 million of the total amount appropriated for Air Force missile procurement in fiscal year 1990 was for Minuteman replenishment spares. The program office provided us with updated fiscal year 1990 funding requirements as of April 1990. We compared updated fiscal year 1990 funding requirements of \$69.6 million with the amount appropriated and identified an excess of \$15.7 million. Program officials agreed with our calculation and stated that these excess funds are available due to cancellations and modifications of some Minuteman II life-extension programs.

Appendix I
Potential Reductions to the Air Force's
Missile Procurement Budget for the
Minuteman II Weapon System

Beginning in fiscal year 1991, the Air Force will implement a new concept of management for replenishment spares which transfers funding responsibility from this central procurement account to the Air Force Stock Fund. We identified potential reductions of \$26.4 million for fiscal year 1991 from the Air Force Stock Fund. These excess funds resulted from the cancellation of three Minuteman II life-extension programs: \$15.9 million for Minuteman II Stage III motor replacement, \$10.1 million for Stage I nozzle replacement, and \$0.4 million for Stage I propellant replacement. According to Air Force officials, funding for these programs still remains in the Air Force Stock Fund.

Potential Reductions to the Air Force's Operations and Maintenance Budget for the Minuteman II Weapon System

We identified potential operations and maintenance budget reductions for central supply and maintenance—specifically depot repairs and modification—of \$30.5 million: \$13.6 million appropriated in fiscal year 1990 and \$16.9 million requested in fiscal year 1991. Table II.1 shows these potential reductions. Program officials agreed with our calculations and stated the potential retirement of Minuteman II has reduced the need for depot repairs and modifications funding.

Table II.1: Potential Reductions to the Air Force's Operations and Maintenance Budget (3400 Appropriation)

Dollars in millions	Fiscal year 1990	Fiscal year 1991
Depot repairs and modifications	\$13.6	\$16.9

Depot Repairs and Modifications

The Air Force had planned to begin a program to refurbish the Minuteman II Stage I propulsion motor beginning in fiscal year 1990. Program officials informed us that \$13.6 million had been budgeted for this refurbishment in fiscal year 1990, but funds are no longer needed, since the Air Force decided to cancel the program in anticipation of the retirement of the Minuteman II force. For fiscal year 1991, the program office provided us with updated funding requirements, which were \$16.9 million less than the amount requested: \$10.5 million due to the cancellation of the Stage I propulsion motor refurbishment program and \$6.4 million due to other miscellaneous reductions. Program officials stated that the above fiscal year 1990 and 1991 amounts are excess and available for reduction.

Scope and Methodology

This review is one of a series that examines defense budget issues. We reviewed Minuteman II missile procurement and operations and maintenance appropriations for central supply and maintenance. We interviewed Air Force officials to identify potential reductions resulting from the cancellation and modification of some Minuteman II programs. We also examined various budget documents and cost estimates to identify budget amounts in excess of requirements. We discussed our findings with officials at Air Force Headquarters and at the Minuteman System Program Office.

We performed our work at Air Force Headquarters, Washington, D.C., and Ogden Air Logistics Center, Hill Air Force Base, Utah. We conducted our review from April to May 1990 in accordance with generally accepted government auditing standards.

Major Contributors to This Report

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